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to customers*

E.S.P. Pipelines Limited, Shippers
and other interested parties.

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27 May 2005

Dear Colleague,

Modification Proposal ESPP108: 'Clarification of prioritisation of Meter Fix Readings'.

Ofgem¹ has considered the issues arising from modification proposal ESPP108: 'Clarification of prioritisation of Meter Fix Readings' and has decided to direct E.S.P. Pipelines Ltd (ESPP) to implement the modification, as we believe that it will better facilitate the achievement of the relevant objectives of ESPP's Network Code, as set out in Standard Condition 9 of its GT licence. Ofgem also considers that this decision is consistent with its wider statutory duties. In this letter we explain the background to the modification proposal and outline the reasons for making our decision.

Background to the proposal

The Gas Act 1986 provides that no person shall carry out the connection or disconnection of a gas meter without giving notice to the gas supplier, or where the gas supplier is not known, the gas transporter. This notice shall be in a form prescribed in the Gas Meter (Information on Connection and Disconnection) Regulations 1996 ("C&D notice") and shall contain the meter reading at the time the work is carried out. Particularly on new sites, it is likely that such works will be carried out at the (re)commencement of supply to a premise.

The Modification Proposal

Modification proposal ESPP108 seeks to ensure that where an actual read is obtained as part of meter works and submitted as part of a C&D notice, it will be used and recorded as the Opening Meter Read, in preference to other types of opening meter read, which may be less reliably accurate, such as a customer read or even an estimate. The exception to this will be in the event that the site is subject to a Change of Supplier, in which case any read submitted by the incoming supplier shall be taken to be the Opening Meter Read

¹ Ofgem is the office of the Gas and Electricity Markets Authority. The terms 'Ofgem' and the 'Authority' are used interchangeably in this letter.

Respondent's views

ESPP received two representations to its consultation on modification proposal ESPP108, both of which supported its implementation. One respondent commented that they supported the principle of aligning iGT Network Codes with those of NGT (which now incorporates by reference, the Uniform Network Code). There were no other substantive comments.

ESPP's View

ESPP supports the implementation of this modification proposal. It states that by clarifying that the meter fix read will be taken in preference to other read types, ambiguity and therefore contractual risk is reduced. ESPP considers that this facilitate competition in gas shipping and supply, and contribute to the efficient and economic operation of the pipeline system.

Ofgem's View

Ofgem welcomes the increased clarity around the submission and use of Opening Meter Reads that implementation of this modification should facilitate. Timely and accurate meter reads are an integral part of the relationship between the consumer and their gas supplier. Although the industry has recently adopted more flexible practices with regard to meter reads, allowing the collection of data from a wider range of sources in preference to an estimate, this should not undermine the importance and value of an actual reading, particularly one taken by a competent person, such as a gas engineer. With the increasing number of sources for meter readings, there is potential for numerous and potentially conflicting reads to be obtained, albeit they may all be considered valid for the purposes of Network Code. Implementation of this modification will provide clarity as to which of those reads should be given preference, and facilitate robust data recording.

Ofgem's decision

Having considered the issues arising from this modification proposal Ofgem has decided to direct ESPP to implement modification proposal ESPP108, as it will contribute to the efficient and economic operation of the pipe-line system by increasing the clarity of its existing procedures and facilitating robust data handling. To the extent this data is integral to the commencement of supply of gas to a premise, or subsequent change of supplier, Ofgem also considers that this modification will further facilitate effective competition between gas shippers and suppliers.

If you have any further queries regarding this decision letter please feel free to contact Samantha McEwen on 020 7901 7032.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. N. Simpson', written over a horizontal line.

**Nick Simpson,
Director, Modifications**